

Postville Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2009

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**Postville Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September 2008 Election)**

Brad Rekow	President	2009
Laura Lubka	Board Member	2008
Jeff Cox	Board Member	2008
Daniel Schutte	Board Member	2009
Jamie Smith	Board Member	2010

**Board of Education**

**(After September 2008 Election)**

Brad Rekow	President	2009
Daniel Schutte	Board Member	2009
Laura Lubka	Board Member	2011
Jamie Smith*	Board Member	2011
Jeff Cox	Board Member	2011

**School Officials**

Galen Reinsmoen**	Interim-Superintendent	2009
Clara Lensing	District Secretary	2009
Mike Kruckenberg	District Treasurer	2009
Stephan Saunders	Attorney	2009

\*Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa

\*\*Appointed 11-1-09

## Independent Auditor's Report

To the Board of Education of  
Postville Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Postville Community School District, Postville, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

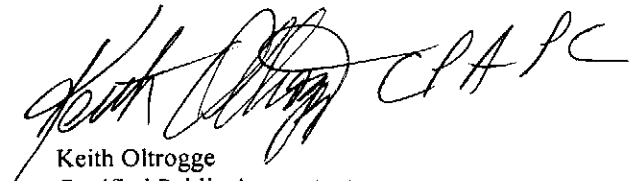
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Postville Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 25, 2009 on my consideration of Postville Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 38 through 40 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Postville Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge  
Certified Public Accountant

November 25, 2009

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Postville Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2009 FINANCIAL HIGHLIGHTS**

- General Fund revenues decreased from \$5,609,404 in fiscal 2008 to \$5,492,453 in fiscal 2009, and General Fund expenditures increased from \$5,415,841 in fiscal 2008 to \$5,599,200 in fiscal 2009. The District's General Fund balance decreased from \$627,183 in fiscal year 2008 to \$523,632 in fiscal year 2009, a .6% decrease.
- The decrease in General Fund revenues was attributable to a decrease in state grant revenue in fiscal year 2009. The increase in expenditures was due primarily to an increase in instructional costs.
- The District's solvency ratio has decreased from 11.5% at June 30, 2008 to 1.6% at June 30, 2009. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations. The District's solvency ratio decrease was due to the increase in restricted net assets for categorical funding.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Postville Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Postville Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Postville Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Postville Community School District Annual Financial Report**

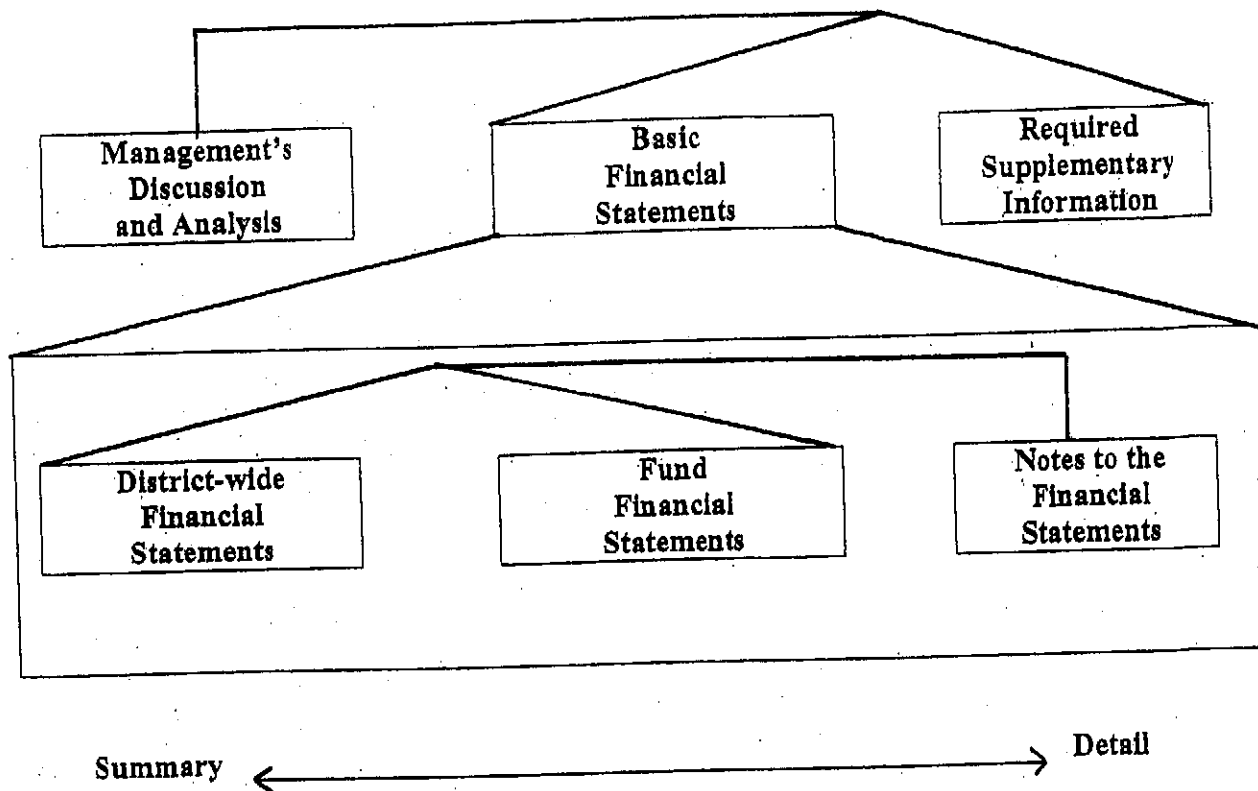


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Trust and Agency Funds.

- Trust Funds – The District accounts for outside donations for scholarships for individual students in these funds.
- Agency Funds – These are funds through which the District administers and accounts for certain revenue collected for District activities and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$6,215,063	\$4,675,886	\$109,581	\$99,042	\$6,324,644	\$4,774,928	\$1,549,716
Capital assets	6,591,549	6,768,154	29,993	34,992	6,621,542	6,803,146	-181,604
Total assets	\$12,806,612	\$11,444,040	\$139,574	\$134,034	\$12,946,186	\$11,578,074	\$1,368,112
Long-term liabilities	\$1,806,190	\$2,013,700	\$-	\$-	\$1,806,190	\$2,013,700	-\$207,510
Other liabilities	4,411,809	3,009,744	10,822	7,710	4,422,631	3,017,454	1,405,177
Total liabilities	\$6,217,999	\$5,023,444	\$10,822	\$7,710	\$6,228,821	\$5,031,154	\$1,197,667
Net assets:							
Invested in capital assets, net of related debt	\$4,858,050	\$4,792,355	\$29,932	\$34,992	\$4,887,982	\$4,827,347	\$60,635
Restricted	1,203,526	569,072	-	-	1,203,526	569,072	634,454
Unrestricted	527,037	1,059,169	98,820	91,332	625,857	1,150,501	-524,644
Total net assets	\$6,588,613	\$6,420,596	\$128,752	\$126,324	\$6,717,365	\$6,546,920	\$170,445

The District's combined net assets increased by nearly 2.5%, or \$170,445, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$634,454 or 47% over the prior year. The increase was primarily due to the restricted for categorical funds increase of \$429,843.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$524,644, or 54%.

Figure A-4 shows the change in net assets for the year ended June 30, 2009.

**Figure A-4**  
**Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
<b>Revenues:</b>			
Program revenues:			
Charges for service	\$234,898	\$101,317	\$336,215
Operating grants, contributions and restricted interest	1,245,461	216,885	1,462,346
Capital grants, contributions and restricted interest	74,052	-	74,052
General revenues:			
Property tax	1,935,935	-	1,935,935
Local option sales and service tax	414,682	-	414,682
Unrestricted state grants	2,529,804	-	2,529,804
Unrestricted investment earnings	87,802	2,041	89,843
Other	81,199	-	81,199
Total revenues	\$6,603,833	\$320,243	\$6,924,076
<b>Program expenses:</b>			
Governmental activities:			
Instruction	\$4,162,743	\$1,080	\$4,163,823
Support services	1,670,682	-	1,670,682
Non-instructional programs	1,151	316,735	317,886
Other expenses	604,186	-	604,186
Total expenses	\$6,438,762	\$317,815	\$6,756,577
Change in net assets	\$165,071	\$2,428	\$167,499

Property tax and unrestricted state grants account for 64.5% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86.6% of the total expenses.

#### **Governmental Activities**

Revenues for governmental activities were \$6,603,833 and expenses were \$6,438,762. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$4,162,743	\$2,693,975
Support Services	1,670,682	1,659,091
Non-instructional programs	1,151	1,151
Other expenses	604,186	530,134
Totals	\$6,438,762	\$4,884,351

- The cost financed by users of the District's programs was \$336,215.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,462,346.
- The net cost of governmental activities was financed with \$2,350,617 in property and other taxes and \$2,529,804 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$320,243 and expenses were \$317,815. The District's business type activities include the School Nutrition Fund and Student Construction Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Postville Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$6,588,613, well above last year's ending fund balances of \$6,420,596.

### **Governmental Fund Highlights**

- The General Fund balance decreased from \$627,183 to \$523,632.

### **BUDGETARY HIGHLIGHTS**

The District's receipts were \$411,878 less than budgeted receipts, a variance of 5.6%. The most significant variance resulted from the District receiving less in state sources than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, the District had invested \$6,621,542, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2.6% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$351,278.

The original cost of the District's capital assets was \$14,684,756. Governmental funds account for \$14,614,946, with the remainder of \$69,810 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$89,000	\$89,000	\$-	\$-	\$89,000	\$89,000	\$-
Buildings	5,920,010	6,119,918	-	-	5,920,010	6,119,918	-199,908
Improvements other than buildings	172,145	184,093	-	-	172,145	184,093	-11,948
Furniture and equipment	410,394	375,143	29,993	34,992	440,387	410,135	30,252
Totals	\$6,591,549	\$6,768,154	\$29,993	\$34,992	\$6,621,542	\$6,803,146	\$181,604

### Long-Term Debt

At June 30, 2009, the District had \$1,777,386 in other long-term debt outstanding. This represents a decrease of 11.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-2009
Capital notes payable	\$1,733,499	\$1,975,799	-\$242,300
Early retirement	43,887	37,901	5,986
Totals	\$1,777,386	\$2,013,700	-\$236,314

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- In July 2009 the District issued \$1,675,000 in revenue bonds for the Niches project.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Clara Lensing, District Secretary, Postville Community School District, P.O. Box 717, Postville IA 52162.

## **Basic Financial Statements**

## Postville Community School District

## Statement of Net Assets

June 30, 2009

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents:			
ISCAP	\$ 1,101,164	\$ -	\$ 1,101,164
Other	2,259,504	88,735	2,348,239
Receivables:			
Property tax:			
Delinquent	81,994	-	81,994
Succeeding year	2,220,852	-	2,220,852
Interfund	40,000	-	40,000
Accounts	163,881	40	163,921
Accrued interest:			
ISCAP	4,379	-	4,379
Escrow account	55,474	-	55,474
Due from other governments	287,815	4,293	292,108
Inventories	-	16,513	16,513
Capital assets, net of accumulated depreciation	6,591,549	29,993	6,621,542
<b>Total Assets</b>	<b>\$ 12,806,612</b>	<b>\$ 139,574</b>	<b>\$ 12,946,186</b>
<b>Liabilities</b>			
Warrants issued over bank balance	\$ 168,354	\$ -	\$ 168,354
Interfund payable	40,000	-	40,000
Accounts payable	80,457	334	80,791
Salaries and benefits payable	546,265	6,800	553,065
Accrued interest payable	3,011	-	3,011
Deferred revenue-succeeding year property tax	2,220,852	-	2,220,852
Deferred revenue-other	230,765	3,688	234,453
ISCAP warrants payable	1,084,000	-	1,084,000
ISCAP accrued interest payable	371	-	371
Other current liabilities	37,734	-	37,734
Long-term liabilities:			
Portion due within one year:			
Capital notes payable	250,786	-	250,786
Early retirement	37,255	-	37,255
Portion due after one year:			
Capital notes payable	1,482,713	-	1,482,713
Early retirement	6,632	-	6,632
Net OPEB liability	28,804	-	28,804
<b>Total Liabilities</b>	<b>\$ 6,217,999</b>	<b>\$ 10,822</b>	<b>\$ 6,228,821</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 4,858,050	\$ 29,932	\$ 4,887,982
Restricted for:			
Categorical funding	429,843	-	429,843
Management levy	114,801	-	114,801
Physical plant and equipment levy	643,153	-	643,153
Other special revenue purposes	12,889	-	12,889
Debt service	2,840	-	2,840
Unrestricted	527,037	98,820	625,857
<b>Total Net Assets</b>	<b>\$ 6,588,613</b>	<b>\$ 128,752</b>	<b>\$ 6,717,365</b>

See notes to financial statements.



**Postville Community School District**

**Statement of Activities**

**Year Ended June 30, 2009**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b><u>Functions/Programs</u></b>				
<b>Governmental Activities:</b>				
Instruction:				
Regular instruction	\$ 2,446,322	\$ 90,964	\$ 818,203	\$ -
Special instruction	608,565	-	422,417	-
Other instruction	1,107,856	135,788	1,396	-
	<u>\$ 4,162,743</u>	<u>\$ 226,752</u>	<u>\$ 1,242,016</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 219,095	\$ -	\$ 3,445	\$ -
Instructional staff services	152,953	-	-	-
Administration services	585,495	-	-	-
Operation and maintenance of plant services	539,990	3,701	-	-
Transportation services	173,149	4,445	-	-
	<u>\$ 1,670,682</u>	<u>\$ 8,146</u>	<u>\$ 3,445</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 307,074	\$ -	\$ -	\$ 74,052
Long-term debt interest	60,835	-	-	-
AEA flow-through	236,277	-	-	-
	<u>\$ 604,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,052</u>
Total Governmental Activities	<u>\$ 6,438,762</u>	<u>\$ 234,898</u>	<u>\$ 1,245,461</u>	<u>\$ 74,052</u>
<b>Business Type Activities:</b>				
Non-Instructional Programs:				
Food service operations	\$ 316,735	\$ 100,176	\$ 216,885	\$ -
Instruction:				
Student construction	\$ 1,080	\$ 1,141	\$ -	\$ -
Total Business Type Activity	<u>\$ 317,815</u>	<u>\$ 101,317</u>	<u>\$ 216,885</u>	<u>\$ -</u>
Total	<u>\$ 6,756,577</u>	<u>\$ 336,215</u>	<u>\$ 1,462,346</u>	<u>\$ 74,052</u>

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,537,155	\$	-	\$ -1,537,155
	-186,148		-	-186,148
	-970,672		-	-970,672
\$	-2,693,975	\$	-	\$ -2,693,975
\$	-215,650	\$	-	\$ -215,650
	-152,953		-	-152,953
	-585,495		-	-585,495
	-536,289		-	-536,289
	-168,704		-	-168,704
\$	-1,659,091	\$	-	\$ -1,659,091
\$	-1,151	\$	-	\$ -1,151
\$	-233,022	\$	-	\$ -233,022
	-60,835		-	-60,835
	-236,277		-	-236,277
\$	-530,134	\$	-	\$ -530,134
\$	-4,884,351	\$	-	\$ -4,884,351
\$	-	\$	326	\$ 326
\$	-	\$	61	\$ 61
\$	-	\$	387	\$ 387
\$	-4,884,351	\$	387	\$ -4,883,964

**Postville Community School District**

**Statement of Activities**

**Year Ended June 30, 2009**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

**General Revenues:**

Property Tax Levied For:  
    General purposes  
    Capital outlay  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total General Revenues

Change in net assets before sales

Sale of assets

Change in net assets  
Net assets beginning of year

Net Assets End of Year

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

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Governmental Activities	Business Type Activities	Total
\$ 1,704,066	\$ -	\$ 1,704,066
231,869	-	231,869
414,682	-	414,682
2,529,804	-	2,529,804
87,802	2,041	89,843
81,199	-	81,199
<hr/>		
\$ 5,049,422	\$ 2,041	\$ 5,051,463
<hr/>		
\$ 165,071	\$ 2,428	\$ 167,499
2,946	-	2,946
<hr/>		
\$ 168,017	\$ 2,428	\$ 170,445
6,420,596	126,324	6,546,920
<hr/>		
\$ 6,588,613	\$ 128,752	\$ 6,717,365
<hr/>		

## Postville Community School District

Balance Sheet  
Governmental Funds

June 30, 2009

	General	Physical Plant and Equipment Levy	Capital Projects: Lost	Non- Major Funds	Total
<b>Assets</b>					
Cash and Pooled Investments:					
ISCAP	\$ 1,101,164	\$ -	\$ -	\$ -	\$ 1,101,164
Other	1,016,420	673,216	372,340	197,528	2,259,504
Receivables:					
Property Tax:					
Delinquent	65,664	9,937	-	6,393	81,994
Succeeding year	1,930,877	251,975	-	38,000	2,220,852
Interfund	-	-	40,000	-	40,000
Accounts	168	-	29,211	134,502	163,881
Accrued Interest:					
ISCAP	4,379	-	-	-	4,379
Due from other governments	272,664	15,151	-	-	287,815
<b>Total Assets</b>	<b>\$ 4,391,336</b>	<b>\$ 950,279</b>	<b>\$ 441,551</b>	<b>\$ 376,423</b>	<b>\$ 6,159,589</b>
<b>Liabilities &amp; Fund Balances</b>					
Liabilities:					
Warrants issued over bank balance	\$ -	\$ -	\$ -	\$ 168,354	\$ 168,354
Interfund payable	-	40,000	-	-	40,000
Accounts payable	69,656	-	-	10,801	80,457
Salaries and benefits payable	546,202	-	-	63	546,265
ISCAP warrants payable	1,084,000	-	-	-	1,084,000
ISCAP accrued interest payable	371	-	-	-	371
Other current liabilities	20,984	-	-	16,750	37,734
Deferred Revenue:					
Succeeding year property tax	1,930,877	251,975	-	38,000	2,220,852
Other	215,614	15,151	-	-	230,765
<b>Total Liabilities</b>	<b>\$ 3,867,704</b>	<b>\$ 307,126</b>	<b>\$ -</b>	<b>\$ 233,968</b>	<b>\$ 4,408,798</b>
Fund Balances:					
Reserved for:					
Categorical funding	\$ 429,843	\$ -	\$ -	\$ -	\$ 429,843
Debt service	-	-	-	2,840	2,840
Other reserved	-	565,730	-	-	565,730
Unreserved	93,789	77,423	441,551	139,615	752,378
<b>Total Fund Balances</b>	<b>\$ 523,632</b>	<b>\$ 643,153</b>	<b>\$ 441,551</b>	<b>\$ 142,455</b>	<b>\$ 1,750,791</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 4,391,336</b>	<b>\$ 950,279</b>	<b>\$ 441,551</b>	<b>\$ 376,423</b>	<b>\$ 6,159,589</b>

**Postville Community School District**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**To the Statement of Net Assets**

**June 30, 2009**

<b>Total fund balances of governmental funds (page 16)</b>	\$ 1,750,791
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	6,591,549
Accrued interest receivable on long-term liabilities is not receivable in the current period and, therefore, is not reported as an asset in the governmental funds	55,474
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-3,011
Long-term liabilities, including capital notes payable, early retirement, and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported in the funds	<div style="border-top: 1px solid black;">-1,806,190</div>
<b>Net assets of governmental activities (page 13)</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 6,588,613</div>

## Postville Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2009

	General	Physical Plant and Equipment Levy	Capital Projects Lost	Non- Major Funds	Total
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ 1,563,371	\$ 231,869	\$ 414,682	\$ 140,695	\$ 2,350,617
Tuition	88,840	-	-	-	88,840
Other	65,176	16,940	10,815	205,890	298,821
Intermediate sources	-	-	-	-	-
State sources	3,218,166	120	-	74,131	3,292,417
Federal sources	556,900	-	-	-	556,900
Total Revenues	\$ 5,492,453	\$ 248,929	\$ 425,497	\$ 420,716	\$ 6,587,595
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	\$ 2,189,236	\$ -	\$ -	\$ 36,660	\$ 2,225,896
Special instruction	580,703	-	-	-	580,703
Other instruction	950,017	-	-	140,076	1,090,093
	\$ 3,719,956	\$ -	\$ -	\$ 176,736	\$ 3,896,692
Support Services:					
Student services	\$ 217,818	\$ -	\$ -	\$ 1,277	\$ 219,095
Instructional staff services	158,829	15,432	-	730	174,991
Administration services	574,077	664	-	6,213	580,954
Operation and maintenance of plant services	491,605	-	-	46,286	537,891
Transportation services	200,638	-	-	11,769	212,407
	\$ 1,642,967	\$ 16,096	\$ -	\$ 66,275	\$ 1,725,338
Non-instructional	\$ -	\$ -	\$ -	\$ 1,151	\$ 1,151
Other Expenditures:					
Facilities acquisition	\$ -	\$ 132,365	\$ -	\$ 174,709	\$ 307,074
Long-Term Debt:					
Principal	-	-	-	242,300	242,300
Interest and fiscal charges	-	-	-	62,138	62,138
AEA flow-through	236,277	-	-	-	236,277
	\$ 236,277	\$ 132,365	\$ -	\$ 479,147	\$ 847,789
Total Expenditures	\$ 5,599,200	\$ 148,461	\$ -	\$ 723,309	\$ 6,470,970
Excess (deficiency) of revenues over (under) expenditures	\$ -106,747	\$ 100,468	\$ 425,497	\$ -302,593	\$ 116,625
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	\$ 250	\$ -	\$ -	\$ 284,329	\$ 284,579
Operating transfers out	-	-76,863	-207,466	-250	-284,579
Sale of equipment	2,946	-	-	-	2,946
Total Other Financing Sources (Uses)	\$ 3,196	\$ -76,863	\$ -207,466	\$ 284,079	\$ 2,946

## Postville Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2009

	General	Physical Plant and Equipment Levy	Capital Projects Lost	Non- Major Funds	Total
Net change in fund balances	\$ -103,551	\$ 23,605	\$ 218,031	\$ -18,514	\$ 119,571
Fund balances beginning of year	627,183	619,548	223,520	160,969	1,631,220
Fund Balances End of Year	\$ 523,632	\$ 643,153	\$ 441,551	\$ 142,455	\$ 1,750,791



Postville Community School District

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities

Year Ended June 30, 2009

Net change in fund balances – total governmental funds (page 19) \$ 119,571

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 174,673	
Depreciation expense	<u>-351,278</u>	-176,605

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Repaid	242,300
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

1,303

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ -5,986	
Other postemployment benefits	<u>-28,804</u>	-34,790

Interest on long-term debt escrow account in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as a revenue in the fund when received. In the Statement of Activities, interest revenue is recognized as interest receivable, regardless of when it is received

16,238

Change in Net Assets of Governmental Activities (page 15)	\$ <u>168,017</u>
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## Postville Community School District

Statement of Net Assets  
Proprietary Funds

June 30, 2009

	School Nutrition	Student Construction	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 88,674	\$ 61	\$ 88,735
Accounts receivable	40	-	40
Due from other governments	4,293	-	4,293
Inventories	16,513	-	16,513
Capital assets, net of accumulated depreciation	29,993	-	29,993
<b>Total Assets</b>	<b>\$ 139,513</b>	<b>\$ 61</b>	<b>\$ 139,574</b>
<b>Liabilities</b>			
Accounts payable	\$ 334	\$ -	\$ 334
Salaries and benefits payable	6,800	-	6,800
Deferred revenue	3,688	-	3,688
<b>Total Liabilities</b>	<b>\$ 10,822</b>	<b>\$ -</b>	<b>\$ 10,822</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 29,932	\$ -	\$ 29,932
Unrestricted	98,759	61	98,820
<b>Total Net Assets</b>	<b>\$ 128,691</b>	<b>\$ 61</b>	<b>\$ 128,752</b>

## Postville Community School District

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

June 30, 2009

	School Nutrition	Student Construction	Total
Operating revenues:			
Local sources:			
Charges for service/product	\$ 100,176	\$ 1,141	\$ 101,317
Instruction:			
Other instruction	\$ -	\$ 1,080	\$ 1,080
Non-instructional programs:			
Food service operations:			
Salaries	\$ 119,637	\$ -	\$ 119,637
Benefits	40,437	-	40,437
Purchased services	2,275	-	2,275
Supplies	148,617	-	148,617
Depreciation	5,769	-	5,769
Total non-instruction programs	\$ 316,735	\$ -	\$ 316,735
Total operating expenses	\$ 316,735	\$ 1,080	\$ 317,815
Operating income (loss)	\$ -216,559	\$ 61	\$ -216,498
Non-operating revenues:			
State sources	\$ 3,338	\$ -	\$ 3,338
Federal sources	213,547	-	213,547
Interest income	2,041	-	2,041
Total non-operating revenues	\$ 218,926	\$ -	\$ 218,926
Change in net assets	\$ 2,367	\$ 61	\$ 2,428
Net assets beginning of year	126,324	-	126,324
Net Assets End of Year	\$ 128,691	\$ 61	\$ 128,752

## Postville Community School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2009

	School Nutrition	Student Construction	Total
Cash flows from operating activities:			
Cash received from sale of product	\$ -	\$ 1,141	\$ 1,141
Cash received from sale of lunches and breakfasts	101,842	-	101,842
Cash paid to employees for services	-156,077	-	-156,077
Cash paid to suppliers for goods or services	-130,209	-1,080	-131,289
Net cash provided (used) by operating activities	\$ -184,444	\$ 61	\$ -184,383
Cash flows from non-capital financing activities:			
State grants received	\$ 3,338	\$ -	\$ 3,338
Federal grants received	190,369	-	190,369
Net cash provided by non-capital financing activities	\$ 193,707	\$ -	\$ 193,707
Cash flows from investing activities:			
Interest on investments	\$ 2,041	\$ -	\$ 2,041
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-770	-	-770
Net increase in cash and cash equivalents	\$ 10,534	\$ 61	\$ 10,595
Cash and cash equivalents beginning of year	78,140	-	78,140
Cash and Cash Equivalents End of Year	\$ 88,674	\$ 61	\$ 88,735
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating (loss) income	\$ -216,559	\$ 61	\$ 216,498
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities used	25,025	-	25,025
Depreciation	5,769	-	5,769
Increase in inventories	-3,008	-	-3,008
Decrease in accounts receivable	1,217	-	1,217
(Decrease) in accounts payable	-1,334	-	-1,334
Increase in salaries and benefits payable	3,998	-	3,998
Increase in deferred revenue	448	-	448
Net Cash Provided (Used) by Operating Activities	\$ -184,444	\$ 61	\$ -184,383

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received \$25,025 of federal commodities.

## Postville Community School District

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2009

	Trusts		
	Expendable Scholarships	Non- Expendable Scholarships	Agency
<b>Assets</b>			
Cash and pooled investments	\$ 4,189	\$ 20,738	\$ 13,113
Accounts receivable	-	-	1,062
<b>Total Assets</b>	<b>\$ 4,189</b>	<b>\$ 20,738</b>	<b>\$ 14,175</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 14,175
<b>Net assets</b>			
Reserved for scholarships	\$ 4,189	\$ 20,738	\$ -

See notes to financial statements.

**Postville Community School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**

**Year Ended June 30, 2009**

	Trusts	
	Expendable	Non-Expendable
Additions:		
Local sources:		
Interest income	\$ 937	\$ -
Deductions:		
Instruction:		
Regular instruction:		
Scholarships awarded	1,725	-
Change in net assets	\$ -788	\$ -
Net assets beginning of year	4,977	20,738
Net Assets End of Year	\$ 4,189	\$ 20,738

See notes to financial statements.

## Postville Community School District

### Notes to Financial Statements

June 30, 2009

#### (1) Summary of Significant Accounting Policies

Postville Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Postville, Iowa and portions of the predominately agricultural territories in Allamakee, Clayton, Fayette and Winneshiek Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### A. Reporting Entity

For financial reporting purposes, Postville Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Postville Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Physical Plant and Equipment Levy is used to account for all resources used in the acquisition of building improvements and equipment purchases.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Trust Funds are used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.



Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	500
Improvements other than buildings	500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**(3) Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 76,863
Debt Service	Capital Projects	207,466
General Fund	Activity Fund	250
Total		<u>\$ 284,579</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Un-amortized Premium
2008-09A	6-26-08	6-25-09	\$ -	\$ 4,243	\$ -	\$ -	\$ -
2009-10A	6-25-08	6-23-10	1,101,164	136	1,084,000	371	20,984
			<u>\$ 1,101,164</u>	<u>\$ 4,379</u>	<u>\$ 1,084,000</u>	<u>\$ 371</u>	<u>\$ 20,984</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	\$ 100,000	\$ 100,000	\$ -

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2009-10A	2.500%	0.902%

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 89,000	\$ -	\$ -	\$ 89,000
Total capital assets not being depreciated	\$ 89,000	\$ -	\$ -	\$ 89,000
Capital assets being depreciated:				
Buildings	\$ 1,0679,836	\$ 2,800	\$ -	\$ 10,682,636
Improvements other than buildings	472,758	-	-	472,758
Furniture and equipment	3,198,679	171,873	-	3,370,552
Total capital assets being depreciated	\$ 14,351,273	\$ 174,673	\$ -	\$ 14,525,946
Less accumulated depreciation for:				
Buildings	\$ 4,559,918	\$ 202,708	\$ -	\$ 4,762,626
Improvements other than buildings	288,665	11,948	-	300,613
Furniture and equipment	2,823,536	136,622	-	2,960,158
Total accumulated depreciation	\$ 7,672,119	\$ 351,278	\$ -	\$ 8,023,397
Total capital assets being depreciated, net	\$ 6,679,154	\$ -176,605	\$ -	\$ 6,502,549
Governmental Activities Capital Assets, Net	\$ 6,768,154	\$ -176,605	\$ -	\$ 6,591,549

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 71,840	\$ 770	\$ 2,800	\$ 69,810
Less accumulated depreciation	36,848	5,769	2,800	39,817
Business Type Activities Capital Assets, Net	\$ 34,992	\$ -4,999	\$ -	\$ 29,993

Depreciation expense was charged to the following functions:

Governmental Activities:		
Instruction:		
Regular		\$ 262,512
Special		27,862
Other		17,763
Support services:		
Instructional staff		3,086
Administration		4,541
Operation and maintenance of plant		4,899
Transportation		30,615
Total Depreciation Expense – Governmental Activities		\$ 351,278
Business Type Activities:		
Food service operations		\$ 5,769

(6) **Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Capital notes payable	\$ 1,975,799	\$ -	\$ 242,300	\$ 1,733,499	\$ 250,786
Early retirement	37,901	23,772	17,786	43,887	37,255
Total	\$ 2,013,700	\$ 23,772	\$ 260,086	\$ 1,777,386	\$ 288,041

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement expenditures for the year ended June 30, 2009 totaled \$17,786.

QZAB Capital Loan

The QZAB Capital Loan is a federal program in which the \$1,000,000 is due in ten years with one lump payment with a 0% interest rate. The District is required to deposit \$87,749 per year into an escrow account, which will earn 2.85% interest on the funds to be used for the repayment of the loan. Details of the escrow account are as follows:

Year Ending June 30,	QZAB Capital Loan Escrow Issued April 15, 2002		
	Principal	Interest Earned	Total Escrow Account
2003	\$ 87,749	\$ -	\$ 87,749
2004	87,749	2,519	90,268
2005	87,749	5,110	92,859
2006	87,749	7,818	95,567
2007	87,749	10,488	98,237
2008	87,749	13,301	101,050
2009	87,749	16,238	103,987
Total	\$ 614,243	\$ 55,474	\$ 669,717

### Capital Loan Notes

Details of the District's June 30, 2009 capital loan notes indebtedness are as follows:

Capital Loan – PPEL Issued May 1, 2002				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.2%	\$ 65,000	\$ 8,830	\$ 73,830
2011	4.25%	70,000	6,165	76,165
2012	4.3%	75,000	3,225	78,225
Total		\$ 210,000	\$ 18,220	\$ 228,220

Capital Loan – LOST (Local Option Sales Tax) Issued September 1, 2002				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.1%	\$ 165,000	\$ 19,646	\$ 184,646
2011	4.25%	170,000	12,880	182,880
2012	4.35%	130,000	5,656	135,656
Total		\$ 465,000	\$ 38,182	\$ 490,182

Capital Loan – PPEL Issued June 6, 2009				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	5.5%	\$ 20,786	\$ 3,214	\$ 24,000
2011	5.5%	19,429	2,071	21,500
2012	5.5%	18,251	1,005	19,256
Total		\$ 58,499	\$ 6,290	\$ 64,789

The District entered into a lease purchase agreement with Wells Fargo Bank in February 2002 for the purchase of exercise equipment for \$207,984.10. Under a three-year lease, \$6,412.44 monthly payments are due. The District had a school participation agreement with the National School Fitness Foundation (NSFF) which was to reimburse the District for these lease payments. In April 2004, the NSFF filed bankruptcy and has made one payment of \$9,881.46 to the District as of June 30, 2009.

During the year ended June 30, 2009, the District made principal, interest, and fees payments totaling \$284,329 under the agreements.

**(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$215,427, \$195,860, and \$180,437, respectively, equal to the required contributions for each year.

**(8) Other Postemployment Benefits (OPEB)**

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description – The District is a member of a twelve school trust – (NEISIT) Northeast Iowa Schools Insurance Trust. Each school provided active and retired employee information. The plan provides medical benefits to retirees and their spouses. The District had 68 active and 6 retired members in the plan. Participants must be 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$	28,804
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost	\$	28,804
Contributions made		-
Increase in net OPEB obligation	\$	28,804
Net OPEB obligation beginning of year		-
Net OPEB obligation end of year	\$	28,804

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0 of the premium costs.



The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$28,804	0%	\$28,804

**Funded Status and Funding Progress** – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$437,197, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$437,197. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,915,000, and the ratio of the UAAL to covered payroll was 14.9%. As of June 30, 2009, there were no trust fund assets.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate. The projected annual medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$430.47 per month for retirees less than age 65. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

#### **(9) Risk Management**

Postville Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$236,277 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Construction Commitments**

The District has been approved for an \$850,000 Vision Iowa Grant to remodel the old gymnasium building used by the YMCA. The cost of the \$2 million plus remodeling project will be shared by the district, the city of Postville, the county and the YMCA in 2009. (known as Project Niches)

The District has issued in July of 2009, \$1.675 million in revenue bonds for the construction of Project Niches.

### **Required Supplementary Information**

**Postville Community School District**

**Budgetary Comparison Schedule of Revenue, Expenditures and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**Year Ended June 30, 2009**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 2,738,278	\$ 103,358
Intermediate sources	-	-
State sources	3,218,365	3,338
Federal sources	630,952	213,547
Total Receipts	<u>\$ 6,587,595</u>	<u>\$ 320,243</u>
Disbursements:		
Instruction	\$ 3,896,692	\$ 1,080
Support services	1,725,338	-
Non-instructional programs	1,151	316,735
Other expenditures	847,789	-
Total Disbursements	<u>\$ 6,470,970</u>	<u>\$ 317,815</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 116,625	\$ 2,428
Other financing sources, net	<u>2,946</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 119,571	\$ 2,428
Balances beginning of year	<u>1,631,220</u>	<u>126,324</u>
Balances End of Year	<u>\$ 1,750,791</u>	<u>\$ 128,752</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts Original	Final to Actual
\$	2,841,636	\$ 2,966,496	\$ -124,860
	-	-	-
	3,221,703	3,669,820	-448,117
	844,499	683,400	161,099
\$	6,907,838	\$ 7,319,716	\$ -411,878
\$	3,897,772	\$ 4,585,034	\$ 687,262
	1,725,338	2,361,650	636,312
	317,886	478,646	160,760
	847,789	3,069,062	2,221,273
\$	6,788,785	\$ 10,494,392	\$ 3,705,607
\$	119,053	\$ -3,174,676	\$ 3,293,729
	2,946	336,966	-334,020
\$	121,999	\$ -2,837,710	\$ 2,959,709
	1,757,544	2,840,487	-1,082,943
\$	1,879,543	\$ 2,777	\$ 1,876,766

**Postville Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2009**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

**Postville Community School District**

**Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)**

**Required Supplementary Information**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	AUUL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$437	\$437	0.0%	\$2,915	14.9%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## **Other Supplementary Information**



## Postville Community School District

Combining Balance Sheet  
Non-Major Special Revenue Funds

June 30, 2009

	Capital Projects	Debt Service	Special Revenue		Total
			Management Levy	Student Activity	
<b>Assets</b>					
Cash and pooled investments	\$ -	\$ 2,840	\$ 182,133	\$ 12,555	\$ 197,528
Receivables:					
Property Tax:					
Delinquent	-	-	6,393	-	6,393
Succeeding year	-	-	38,000	-	38,000
Accounts	134,052	-	-	450	134,502
<b>Total Assets</b>	<b>\$ 134,052</b>	<b>\$ 2,840</b>	<b>\$ 226,526</b>	<b>\$ 13,005</b>	<b>\$ 376,423</b>
<b>Liabilities &amp; Fund Equity</b>					
Liabilities:					
Warrants issued over bank balance	\$ 168,354	\$ -	\$ -	\$ -	\$ 168,354
Accounts payable	9,714	-	1,034	53	10,801
Salaries and benefits payable	-	-	-	63	63
Deferred revenue:					
Succeeding year property tax	-	-	38,000	-	38,000
Other current liabilities	16,750	-	-	-	16,750
Total Liabilities	<b>\$ 194,818</b>	<b>\$ -</b>	<b>\$ 39,034</b>	<b>\$ 116</b>	<b>\$ 233,968</b>
Fund Equity:					
Reserved	-	2,840	-	-	2,840
Unreserved fund balances	-60,766	-	187,492	12,889	139,615
Total Fund Equity	<b>\$ -60,766</b>	<b>\$ 2,840</b>	<b>\$ 187,492</b>	<b>\$ 12,889</b>	<b>\$ 142,455</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 134,052</b>	<b>\$ 2,840</b>	<b>\$ 226,526</b>	<b>\$ 13,005</b>	<b>\$ 376,423</b>

**Postville Community School District**  
**Combining Schedule of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Non-Major Special Revenue Funds**

**Year Ended June 30, 2009**

	Capital Projects	Debt Service	Special Revenue		Total
			Management Levy	Student Activity	
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ -	\$ -	\$ 140,695	\$ -	\$ 140,695
Other	60,000	53	12,367	133,470	205,890
State sources	74,052	-	79	-	74,131
Total Revenues	\$ 134,052	\$ 53	\$ 153,141	\$ 133,470	\$ 420,716
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	\$ -	\$ -	\$ 36,660	\$ -	\$ 36,660
Other instruction	-	-	-	140,076	140,076
Support Services:					
Student support services	-	-	1,277	-	1,277
Instructional staff services	-	-	730	-	730
Administration services	-	-	6,213	-	6,213
Operation and maintenance of plant services	-	-	46,286	-	46,286
Transportation services	-	-	11,769	-	11,769
Non-instructional programs	-	-	1,151	-	1,151
Other Expenditures:					
Facilities acquisition	174,709	-	-	-	174,709
Long-Term Debt:					
Principal	-	242,300	-	-	242,300
Interest and fiscal charges	20,109	42,029	-	-	62,138
Total Expenditures	\$ 194,818	\$ 284,329	\$ 104,086	\$ 140,076	\$ 723,309
Excess (deficiency) of revenues over (under) expenditures	\$ -60,766	\$ -284,276	\$ 49,055	\$ -6,606	\$ -302,593
Other Financing Sources (Uses):					
Operating transfers in (out)	\$ -	\$ 284,329	\$ -	\$ -250	\$ -284,079
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	\$ -60,766	\$ 53	\$ 49,055	\$ -6,856	\$ -18,514
Fund balances beginning of year	-	2,787	138,437	19,745	160,969
Fund Balances End of Year	\$ -60,766	\$ 2,840	\$ 187,492	\$ 12,889	\$ 142,455

## Postville Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2009

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures and Inter-fund Transfers	Intra- Fund Transfers	Operating Transfer	Balance End of Year
Drama	\$ 686	\$ 5,256	\$ 5,297	\$ -645	\$ -	\$ -
Vocal music	-	-	38	38	-	-
High School golf	-	35	502	467	-	-
High School boys basketball	-	4,810	5,979	1,169	-	-
High School boys football	-	6,092	4,850	-1,242	-	-
High School baseball	-253	5,014	7,115	2,352	-	-2
High School boys track	100	910	1,751	741	-	-
High School wrestling	-	1,687	1,697	10	-	-
High School girls basketball	213	3,093	2,261	-1,045	-	-
High School volleyball	-	2,141	4,213	2,072	-	-
High School softball	-	1,612	2,614	1,002	-	-
High School girls track	-	990	2,146	1,156	-	-
Class of 2010	-	15,227	13,334	-1,002	-	891
Class of 2009	1,781	230	4552	2,541	-	-
High School student council	642	8,630	6,487	-2,604	-	181
FCCLA	2,136	8,991	9,409	-	-	1,718
Peer Helpers	682	960	927	-183	-	532
Mirror	6,929	8,497	8,408	357	-	7,375
Cheerleaders	-450	4,871	3,763	-	-	658
National Honor Society	-142	-	152	294	-	-
Magazines	10	11,921	9,465	-2,466	-	-
Elementary student council	488	4,369	2,071	-2,713	-	73
Interest account	342	1,112	778	-656	-	20
Resale basketball	-	52	52	-	-	-
Resale band	1,275	621	1,348	-	-	548
Resale Home Economics	-	231	236	5	-	-
FFA	5,056	23,847	26,378	-1,707	-	818
High School boys soccer	-	227	391	164	-	-
Girls cross country	-	-	225	225	-	-
Athletics	250	12,034	11,269	-688	-250	77
Middle School boys basketball	-	-	715	715	-	-
Middle School football	-	-	270	270	-	-
Middle School boys track	-	5	130	125	-	-
Middle School wrestling	-	-	220	220	-	-
Middle School girls basketball	-	-	338	338	-	-
Middle School volleyball	-	-	500	500	-	-
Middle School girls track	-	5	195	190	-	-
Total	\$ 19,745	\$ 133,470	\$ 140,076	\$ -	\$ -250	\$ 12,889

## Postville Community School District

Schedule of Changes in Fiduciary Assets and Liabilities -  
Agency Funds – Summary

Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 16,214	\$ 69,701	\$ 72,802	\$ 13,113
Accounts receivable	924	1,062	924	1,062
<b>Total Assets</b>	<b>\$ 17,138</b>	<b>\$ 70,763</b>	<b>\$ 73,726</b>	<b>\$ 14,175</b>
<b>Liabilities</b>				
Accounts payable	\$ 17,138	\$ 70,763	\$ 73,726	\$ 14,175
<b>Total Liabilities</b>	<b>\$ 17,138</b>	<b>\$ 70,763</b>	<b>\$ 73,726</b>	<b>\$ 14,175</b>

## Postville Community School District

Schedule of Changes in Fiduciary Assets and Liabilities -  
Agency Funds – Detail

Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Music events	\$ 51	\$ 4,612	\$ 4,626	\$ 37
Band boosters	3,123	19,330	22,653	-200
Athletic events	-	14,431	14,428	3
Climate committee	428	627	417	638
Retiree insurance	6,425	24,147	25,718	4,854
Bell fund	2,265	-	-	2,265
Outdoor bulletin	1,869	-	-	1,869
Production class	1	-	-	1
Spanish Club	2,724	5,809	4,409	4,124
Music event	252	332	-	584
Upper Iowa Conference	-	1,475	1,475	-
Total	\$ 17,138	\$ 70,763	\$ 73,726	\$ 14,175

## Postville Community School District

Combining Balance Sheet  
Expendable Trust Funds

June 30, 2009

	Knutson Scholarship	Harnack Scholarship	Capper Scholarship	Total
<b>Assets</b>				
Cash	\$ 3,297	\$ 392	\$ 500	\$ 4,189
<b>Total Assets</b>	<u>\$ 3,297</u>	<u>\$ 392</u>	<u>\$ 500</u>	<u>\$ 4,189</u>
<b>Liabilities and Fund Equity</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund equity:				
Fund Balances:				
Unreserved, undesignated fund balance	<u>3,297</u>	<u>392</u>	<u>500</u>	<u>4,189</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 3,297</u>	<u>\$ 392</u>	<u>\$ 500</u>	<u>\$ 4,189</u>

## Postville Community School District

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Expendable Trust Funds

Year Ended June 30, 2009

	Knutson Scholarship	Harnack Scholarship	Capper Scholarship	Total
Revenues:				
Local Sources:				
Interest from non-expendable trust fund investments	\$ 43	\$ 393	\$ 501	\$ 937
Expenditures:				
Instruction:				
Regular Instruction: Scholarships	700	519	506	1,725
Excess (deficiency) of revenues over (under) expenditures	\$ -657	\$ -126	\$ -5	\$ -788
Fund balances beginning of year	3,954	518	505	4,977
Fund Balances End of Year	\$ 3,297	\$ 392	\$ 500	\$ 4,189

**Postville Community School District**

**Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds**

**For the Last Six Years**

	Modified Accrual Basis		
	2009	2008	2007
<b>Revenues:</b>			
Local Sources:			
Local tax	\$ 2,350,617	\$ 2,322,407	\$ 1,860,460
Tuition	88,840	87,343	85,582
Other	298,821	263,029	700,245
Intermediate sources	-	-	-
State sources	3,292,417	3,428,842	3,144,829
Federal sources	556,900	440,658	564,698
<b>Total</b>	<b>\$ 6,587,595</b>	<b>\$ 6,542,279</b>	<b>\$ 6,355,814</b>
<b>Expenditures:</b>			
Instruction:			
Regular instruction	\$ 2,225,896	\$ 2,169,542	\$ 2,086,176
Special instruction	580,703	608,506	515,919
Other instruction	1,090,093	969,838	890,610
Support services:			
Student services	219,095	211,933	218,324
Instructional staff services	174,991	181,102	124,230
Administrative services	580,954	628,033	775,557
Operation and maintenance of plant services	537,891	558,463	550,541
Transportation services	212,470	241,865	150,505
Community services	-	-	40,753
Non-instructional programs	1,151	1,160	940
Other expenditures:			
Facilities acquisition	307,074	21,313	326,711
Long-term debt:			
Principal	242,300	229,016	239,655
Interest and other charges	62,138	51,120	60,580
AEA flow-through	236,277	226,362	211,275
<b>Total</b>	<b>\$ 6,470,970</b>	<b>\$ 6,098,253</b>	<b>\$ 6,191,776</b>

See accompanying independent auditor's report.



Modified Accrual Basis		
2006	2005	2004
\$ 1,783,127	\$ 1,630,556	\$ 1,585,891
98,971	140,600	142,490
643,009	510,984	608,632
-	-	-
2,908,432	2,726,816	2,505,501
739,724	408,382	689,604
<u>\$ 6,173,263</u>	<u>\$ 5,417,338</u>	<u>\$ 5,532,118</u>

\$ 1,971,723	\$ 1,975,912	\$ 2,042,077
499,879	554,142	802,373
803,014	795,634	505,707
166,615	127,274	119,340
224,379	101,620	76,982
653,175	540,534	471,885
527,793	466,425	659,882
180,352	145,485	162,122
16,260	-	10,734
996	1,174	-
509,799	13,245	2,048,687
317,432	263,038	277,749
64,976	75,497	71,780
197,612	191,485	192,936
<u>\$ 6,134,005</u>	<u>\$ 5,251,465</u>	<u>\$ 7,442,254</u>

**Postville Community School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2009**

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Food Distribution (non-cash)	10.550	FY09	\$ 25,025
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY09	\$ 40,024
National School Lunch Program	10.555	FY09	135,796
Summer Food Service Program	10.559	FY09	8,681
Child and Adult Care Food Program-Snack Program	10.558	FY09	4,021
			<u>\$ 188,522</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY09	\$ 233,714
Title I Grants Migrant Education	84.011	FY09	\$ 127,810
Safe and Drug-Free Schools and Communities – State Grant - indirect			
Allamakee	84.184	FY09	\$ 18,621
Safe and Drug-Free Schools and Communities – State Grant	84.186	FY09	\$ 4,055
Part B One Year Transition Survey	84.027	FY09	\$ 2,275
Part B-AEA	84.027	FY09	\$ 37,093
Title IIC Carl Perkins	84.048	FY09	1,196
Title III English Language Acquisition Grant	84.365	FY09	\$ 9,466
Improving Teacher Quality Program	84.367	FY09	\$ 31,526
Rural Education Achievement Program	84.358	FY09	\$ 21,888
Title VI Assessments	84.369	FY09	\$ 3,445
Title III Immigrant	84.162	FY09	\$ 9,388
Title III English-AEA	84.365	FY09	\$ 19,267
Title IID-E2T2-AEA	84.318	FY09	\$ 2,258
U.S. Department of Health & Human Services:			
Iowa Department of Education:			
Medical Assistance Program	93.778	FY09	\$ 34,898
Total			<u>\$ 770,447</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Postville Community School District and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Postville Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Postville Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated November 25, 2009. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Postville Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Postville Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Postville Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Postville Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Postville Community School District's financial statements that is more inconsequential will not be prevented or detected by Postville Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Postville Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe item II-A-09 is a material weakness.

#### Compliance and Other Matters

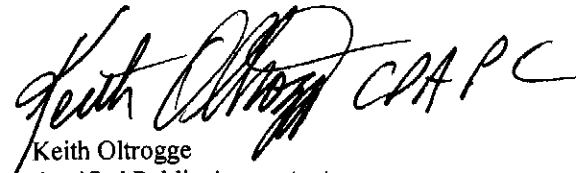
As part of obtaining reasonable assurance about whether Postville Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Postville Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Postville Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Postville Community School District and other parties to whom Postville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Postville Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

November 25, 2009

**Independent Auditor's Report on Compliance with Requirements Applicable  
To Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133**

Independent Auditor's Report on Compliance with Requirements Applicable  
To Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Postville Community School District

Compliance

I have audited the compliance of Postville Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Postville Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of law, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Postville Community School District's management. My responsibility is to express an opinion on Postville Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Postville Community School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Postville Community School District's compliance with those requirements.

In my opinion, Postville Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Postville Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Postville Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Postville Community School District's internal control over compliance.

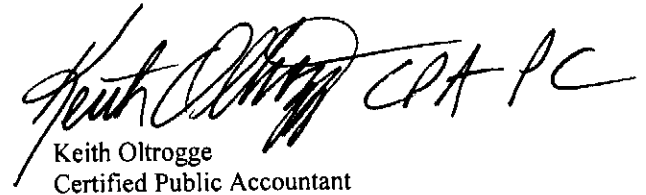
My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the deficiency in internal control over compliance in the accompanying Schedule of Findings as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. I consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings as item III-A-09 to be a material weakness.

Postville Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. While I expressed my conclusions on the District's responses, I did not audit Postville Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Postville Community School District and other parties to whom Postville Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



Keith Oltrogge  
Certified Public Accountant

November 25, 2009



**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2009**

**Part I – Summary of the Independent Auditor's Results:**

- a) Unqualified opinions were issued on the financial statements.
- b) Significant conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit disclosed no audit finding which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510 (a).
- g) Major programs were as follows:
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
  - CFDA Number 84.011 – Title I Grant – Migrant Education
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
    - CFDA Number 10.559 – Summer Food Service Program
    - CFDA Number 10.558 – Snack Program
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Postville Community School District did not qualify as a low-risk auditee.

**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2009**

**Part II – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

II-A-09 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware that the condition exists.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion – Response accepted.

II-B-09 Check-Signing Machine – I noted that a check-signing machine was used to sign checks. I also noted that the person who wrote the checks, journalized transactions and reconciled the bank accounts had access to the check-signing machine.

Recommendation – The District should establish procedures to control access to the check-signing machine, such as having another person control the key to the machine and establishing a log of the numbers of the checks signed that reconciles to a counter on the machine.

Response – We will review our procedures controlling access to the check-signing machine.

Conclusion – Response accepted.

II-C-09 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

Recommendation – This is common control deficiency of most small Districts and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2009**

**Part III -- Findings For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCY:**

**CFDA Number 10.553: School Breakfast Program**  
**CFDA Number 10.555 National School Lunch Program**  
**CFDA Number 10.559 Summer Food Service Program**  
**CFDA Number 10.558 Snack Program**  
**Federal Award Year: 2009**  
**U.S. Department of Agriculture**  
**Passed through the Iowa Department of Education**

**CFDA Number 84.010: Title I Grants to Local Educational Agencies**  
**CFDA Number 84.011: Title I Grant – Migrant Education**  
**Federal Award Year: 2009**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

III-A-09 Segregation of Duties – The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition, but it is important the District officials are aware that the condition exists.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District is aware of the lack of complete segregation of duties and will make changes as the opportunity arises.

Conclusion – Response accepted.

III-B-09 Check-Signing Machine – I noted that a check-signing machine was used to sign checks. I also noted that the person who wrote the checks, journalized transactions and reconciled the bank accounts had access to the check-signing machine.

Recommendation – The District should establish procedures to control access to the check-signing machine, such as having another person control the key to the machine and establishing a log of the numbers of the checks signed that reconciles to a counter on the machine.

Response – We will review our procedures controlling access to the check-signing machine.

Conclusion – Response accepted.

**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2009**

**Part IV - Other Findings Related to Statutory Reporting:**

IV-A-09 Certified Budget – Expenditures for the year ended June 30, 2009 did not exceed the certified budget.

IV-B-09 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-09 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title &amp; Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Laura Lubka – Board Member & Owner of Reggie's Auto Body & Shorty's Detailing	Repairs and maintenance	<u>\$1,631</u>

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

IV-E-09 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-F-09 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-09 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-09 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.

**Postville Community School District**

**Schedule of Findings**

**Year Ended June 30, 2009**

**Part IV - Other Findings Related to Statutory Reporting (continued):**

IV-J-09 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Service Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 4234F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and service tax revenue	414,682
Expenditures/transfer out:	
Debt service for school infrastructure:	
Revenue debt	<u>207,466</u>
Ending balance	<u>\$ 207,216</u>

IV-L-09 Deficit Balances – One student activity account had a deficit balance at June 30, 2009.

Recommendation – The District should continue to investigate alternatives to eliminate those deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion – Response accepted.